



OVERVIEW

Market Governance

A Global Framework

Foreword

CSR - Corporate Social Responsibility

CSR is the evaluation of corporate social responsibility.

It includes the important area of ESG - Environmental, Social, Governance.

CSR is divided into the following components:

Environmental comprises environmental protection, climate protection strategies, the use of renewable energies in all parts of the company, the reduction of harmful emissions and the particularly careful use of energy and resources.

Social includes occupational health and safety, compliance with labor rights, and the prohibition of child and forced labor throughout the supply and service chain.

Governance includes ethically justifiable corporate management and sales practices. It also includes compliance, prevention of corruption, independence of control bodies, and sound risk management.

Market governance was added to the official documentation of the Osmium Institute.

It constitutes market supervision on the above-mentioned criteria, including accountability of market participants of any kind. It serves to protect market stability and transparency.

Current International Situation

Commodity markets should follow the principle of the free market and only be restricted within the framework of sanctions in cases of wars of aggression, oppression and persecution.

In the context of the global climate crisis, however, the guidelines for the use of a market for all participants should follow the guidelines of a responsible merchant.

This means that in the context of generating profit and trading goods and raw materials, the first principle must always be to analyze and balance both the impact on the environment and the impact on market participants and end customers.

In many markets, we see movements and restrictions resulting from the use of economic repression. They mostly pursue the goal of preventing, restricting or completely excluding a market participant from participating in a market. The reasons given are:

- 1.) Price manipulation in the interest of the manipulating party
- 2.) Sanctions against warring parties or dictatorial regimes.
- 3.) Securing resources for a high influence participant.

In the case of the commodity markets of gold, oil, food and critical raw materials in the context of general energy supply and supply of technology to maintain critical infrastructures, we see again and again major players trying to support geostrategy through economic action both political and warlike.

In Summary:

Whoever controls the raw materia dominates its extraction and deposits and can secure and maintain access and supply and therefore dominates a market.

The Osmium Market

In general, the osmium market is divided into two segments.

Crude material: raw osmium

Semi-manufactured product: crystalline osmium

Other market participants use crystalline osmium as an end product, which is incorporated into jewelry or is held by investors as a tangible asset.

Raw osmium and its market

Let's first look at the commodity market of platinum group metals.

Only a few suppliers internationally mine raw osmium with other metals as by-metal. From this group, only a few separate the osmium from the ores. Usually, osmium was removed and emitted into the atmosphere with the process flue gases. With the current range of applications of crystalline osmium as the only precious metal that cannot be counterfeited, this approach has changed. The crude osmium is separated in the refining process and treated as a particularly valuable raw material.

The raw material market for osmium is limited in several respects. First, there are the extremely low quantities in which osmium occurs. The second limiting factor is the very small number of market participants, as very few refineries can handle crude osmium. These players have extremely long-term supply relationships with osmium institutes worldwide. The crude osmium is purified, shipped to Switzerland, further purified here, and ultimately crystallized several times to the desired result.

Other uses that appear to be of interest to raw osmium take place in the range of a few kg per year and are not relevant to the market, nor do they exert any influence on prices.

Crude osmium should never be in the hands of private persons, as a harmful oxide forms when it is exposed to atmospheric oxygen. This process can be prevented by crystallizing raw osmium. This led to the formation of a second market, which is now dominant in international trade.

Crystalline Osmium and its market

The second commercial form is crystalline osmium. We are talking here about osmium which, after crystallization, is cut as a semi-finished product in the form of bars or discs. Similarly, inlays already cut in the wire erosion process also belong to these product groups. The high price difference between raw osmium and crystalline osmium is due to the crystallization process.

Quality and process

On average, an osmium atom passes through about 160 processing steps, some of them with very high repetition rates. The quality criteria have increased in recent years due to new applications, especially in the watchmaking and jewelry industries. These processes were adapted and perfected to such an extent that certain steps in the process undergo frequent repetition. The process represents the entire path of the material from its raw form to its form as a finished inlay through its purification, its multiple high purification, its crystallization, yield through harvesting rates, cutting and several quality control steps.

Market coverage

The market for osmium includes investors in kind, jewelry producers, watchmakers, and manufactures. They represent two important target groups for the sale of osmium. The main difference between the groups lies in the fact that jewelry and accessory manufacturers process goods, while investors store semi-finished products for future resale.

Free Market

Osmium is made available to these wholesale purchasers before it reaches the open market. This is done so responsibly by the osmium institutes worldwide.

With the crystallization that has taken place, a surface is created that represents a kind of biometric identity of the piece. The crystalline structure of each piece of osmium is like a fingerprint with extreme accuracies. Only genuine crystalline osmium pieces bear such a structure and can thus always and unmistakably be distinguished from an attempted forgery.

The Osmium DNA is the Osmium Identification Code. It is used during importation and exportation to enable customs authorities to check the authenticity of goods to track the path of osmium.

This control gives the legitimate owner of the crystalline osmium security and at the same time prevents fraud or counterfeiting. This fact makes osmium unique in its market.

Market freedom and restrictions

There is a clear and unambiguous distinction between initial marketing and the free market.

The following rules apply here:

- No economic link between the primary market and the secondary market may exist or be established. Thus, no osmium institute and no employee of an osmium institute may establish or be involved in a secondary market organization that could achieve improved market opportunities through his position in the institute.
- Initial marketing is provided exclusively by osmium institutes, led by the German Osmium Institute, as a service.
- The price of crystalline osmium in Switzerland is set daily by the crystallizer and published on a Swiss server. The pricing uses a number of parameters from the production, crystallization, harvest rate of osmium, but market regulatory measures also flow into the pricing. It is a price and not an index, as on a stock exchange.

The most important rule, however, is the following:

Although osmium institutions carry out the initial public offering, they do not participate in the market and its mechanisms in any way. They do not have, and are not allowed to have, any influence on the shape of the market and its prices. They are not authorized to trade and are prohibited by the Rules of Procedure from purchasing osmium from the market in order to be able to act in a non-market manipulative manner and to exclude market manipulation from the outset.

Market Governance – A Global Framework

In summary, osmium institutes can be seen like any supplier in a market. If the price of crystalline osmium is too high, a merchant will buy from a participant in the free secondary market. This activity is supported by osmium institutes in two ways:

- Osmium Institutes, using the Osmium World Database, ensure that any transfer of ownership between market participants can and may only be made on the basis of genuine and certified osmium. At most, they are allowed to charge a technical fee to carry out this work, as well as a fee for any post-certification. This fee may also be collected by a market participant. The exposed position must not have any influence on the purchase on the free market.
- Osmium institutes create market confidence and give expertise. They follow the scientific approach of research and publication of new findings. They are required to introduce new procedures in coordination with the worldwide institutes and to make the market even safer and more transparent for every participant without participating in it themselves, apart from placing it on the market.

We therefore understand market governance as the extension of ESG rules to the examination of market mechanisms in order to prevent damage to traders, real asset investors and manufacturers. For this reason, the Osmium World Council, in a small group of experts, also examines market governance annually at the Osmium Symposium.